

Assembly Bill No. 975

Passed the Assembly September 8, 2009

Chief Clerk of the Assembly

Passed the Senate September 1, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 781.5 to, and to repeal and add Section 781 of, the Public Utilities Code, and to amend Section 529.7 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 975, Fong. Water corporations: water meters.

The existing Water Measurement Law requires every water purveyor, as defined, who sells, leases, rents, furnishes, or delivers water service, as defined, for potable water, to any person, as defined, to require, as a condition of new water service, that a suitable water meter to measure the water service be installed, requires that the cost of installation of the meter be paid by the user of water, and authorizes the water purveyor to impose and collect charges for those costs. These requirements are not applicable to a community water system that serves fewer than 15 service connections used by yearlong residents or regularly serves fewer than 25 yearlong residents, or a single well that services the water supply of a single-family residential home. The Water Measurement Law contains additional requirements relative to the installation of water meters and charges for water relative to urban water suppliers, as defined. The Water Measurement Law authorizes a water purveyor, including an urban water supplier, to recover the cost of providing services related to the purchase, installation, and operation and maintenance of water meters from rates, fees, or charges.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The existing Public Utilities Act prohibits the commission from requiring certain water corporations, or a residential customer of those corporations, to install a water meter, except after a public hearing held within the service area of the water corporation at which hearing all of the following findings are made: (1) metering will be cost effective within the service area of the water corporation, (2) metering will

result in a significant reduction in water consumption within the corporation's service area, and (3) the costs of metering will not impose an unreasonable financial burden on customers within the corporation's service territory, unless the commission finds metering is necessary to assure continuation of an adequate water supply within the service territory.

This bill would repeal the existing limitation in the Public Utilities Act that limits the authority of the commission to require a water corporation to install water meters. The bill would require a water corporation with 500 or more service connections that is not subject to specified requirements of the Water Measurement Law to install a water meter on each new service connection and, by not later than January 1, 2025, to install a water meter upon each unmetered service connection, as provided. The bill would require a water corporation with less than 500 service connections as of January 1, 2010, that thereafter reaches 500 or more service connections and that is not subject to specified requirements of the Water Measurement Law, to install a water meter upon each unmetered service connection within 10 years after it reaches 500 or more service connections. The bill would require each water corporation that has installed water meters, or caused water meters to be installed, that is not subject to specified requirements of the Water Measurement Law, on and after January 1, 2015, to charge customers for potable water based on the actual volume of deliveries, as measured by the water meter, but would authorize the water corporation to delay imposition of volume-based water service charges for one annual billing cycle in order to provide customers with experience with those charges. The bill would require a water corporation to recover the cost of providing services related to the purchase, installation, operation, and maintenance of water meters in rates, fees, or charges, subject to existing law relative to approval of rates by the commission, and would require the commission to ensure that a water corporation complies with these requirements or the requirements of the Water Measurement Law.

This bill would authorize the commission to require a water corporation that furnishes potable water for residential, commercial, industrial, or institutional use through less than 500 service connections that is not subject to specified requirements of Water Measurement Law, or a residential, commercial, industrial, or

institutional customer of such corporation, to install a water meter at any water service connection between the water system of the corporation and the customer if after a public hearing held within the service area of the water corporation, and upon the commission finding, based upon the evidence presented at that hearing, that (1) metering will be cost effective within the service area of the corporation, (2) metering will result in a reduction in water consumption within the service area of the water corporation, or (3) the costs of metering will not impose an unreasonable financial burden on customers within the service area of the corporation unless it is found to be necessary to ensure continuation of an adequate water supply within the service area of the corporation.

This bill would make a clarifying change to a provision of the Water Measurement Law.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 781 of the Public Utilities Code is repealed.

SEC. 2. Section 781 is added to the Public Utilities Code, to read:

781. (a) (1) Each water corporation with 500 or more service connections that is not subject to the requirements of Section 525, 526, 527, or 528 of the Water Code shall install, on and after January 1, 2010, a water meter on each new service connection.

(2) Each water corporation with 500 or more service connections as of January 1, 2010, that is not subject to the requirements of

Section 526, 527, or 528 of the Water Code, shall install a water meter upon each unmetered service connection by January 1, 2025.

(3) Each water corporation with less than 500 service connections as of January 1, 2010, that thereafter reaches 500 or more service connections and that is not subject to the requirements of Section 526, 527, or 528 of the Water Code, shall, within 10 years of attaining that threshold, install a water meter upon each unmetered service connection.

(4) Each water corporation that is subject to the requirements of Section 525, 526, 527, or 528 of the Water Code shall install water meters pursuant to those sections.

(b) (1) Each water corporation that has installed water meters, or caused water meters to be installed, that is not subject to Section 525, 526, 527, or 528 of the Water Code, shall, on and after January 1, 2015, charge customers for potable water based on the actual volume of deliveries, as measured by the water meter. This paragraph does not limit the authority of the commission to authorize a water corporation that promotes conservation through volumetric water pricing to determine and impose a rate, fee, or charge in addition to the charge for the actual volume of metered water delivered.

(2) Each water corporation that is subject to Section 525, 526, 527, or 528 of the Water Code shall charge customers for potable water based on the actual volume of deliveries, as measured by the water meter, consistent with the requirements of those sections.

(3) Notwithstanding paragraph (1), in order to provide customers with experience in volume-based water service charges, a water corporation that is subject to paragraph (1) may delay, for one annual seasonal cycle of water use, the use of meter-based charges for service connections that are being converted from nonvolume-based billing to volume-based billing.

(c) A water corporation shall recover the cost of providing services related to the purchase, installation, operation, and maintenance of water meters in rates, fees, or charges. Rates, fees, or charges recovered by the water corporation pursuant to this section are subject to approval by the commission pursuant to Article 1 (commencing with Section 451) of Chapter 3 and Article 2 (commencing with Section 727) of this chapter.

(d) The commission shall ensure that each water corporation that is subject to the requirements of this section or the

requirements of the Water Measurement Law (Chapter 8 (commencing with Section 500) of Division 1 of the Water Code) comply with those requirements.

SEC. 3. Section 781.5 is added to the Public Utilities Code, to read:

781.5. The commission may require a water corporation that furnishes potable water for residential, commercial, industrial, or institutional use through less than 500 service connections that is not subject to the requirements of Section 526, 527, or 528 of the Water Code, or a residential, commercial, industrial, or institutional customer of the corporation, to install a water meter at any water service connection between the water system of the corporation and the customer if after a public hearing held within the service area of the corporation, the commission finds, based upon the evidence presented at that hearing, that any of the following are true:

(a) Metering will be cost effective within the service area of the corporation.

(b) Metering will result in a reduction in water consumption within the service area of the corporation.

(c) The costs of metering will not impose an unreasonable financial burden on customers within the service area of the corporation unless it is found to be necessary to ensure continuation of an adequate water supply within the service area of the corporation.

SEC. 4. Section 529.7 of the Water Code is amended to read:

529.7. This article does not limit the authority of a water purveyor that promotes conservation through volumetric water pricing, including, but not limited to, an urban water supplier that promotes conservation through volumetric water pricing, to determine and impose a rate, fee, or charge in addition to the charge for the actual volume of metered water delivered.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2009

Governor